

# Doing Business 2011

Croatia

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011  
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*Doing Business 2011: Making a Difference for Entrepreneurs* is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010\*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Croatia. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website ([www.doingbusiness.org](http://www.doingbusiness.org)).

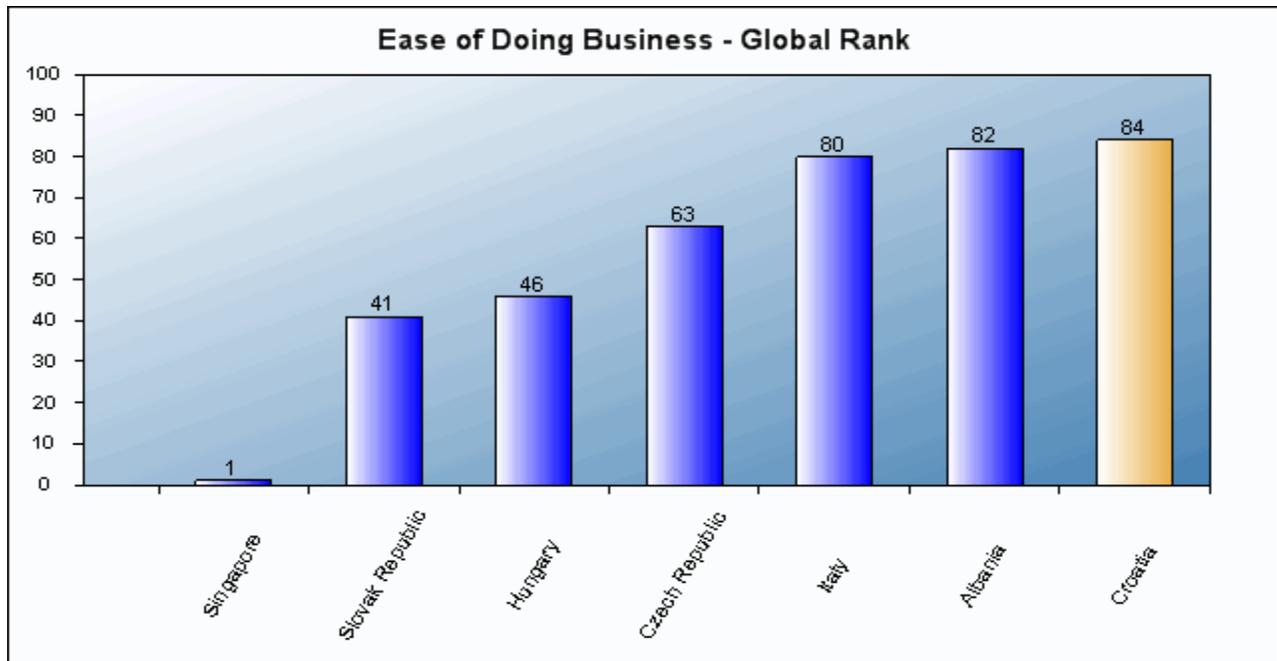
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

## Economy Rankings - Ease of Doing Business

Croatia is ranked 84 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

### Croatia - Compared to global good practice economy as well as selected economies:



### Croatia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	84
Starting a Business	56
Dealing with Construction Permits	132
Registering Property	110
Getting Credit	65
Protecting Investors	132
Paying Taxes	42
Trading Across Borders	98
Enforcing Contracts	47
Closing a Business	89

## Summary of Indicators - Croatia

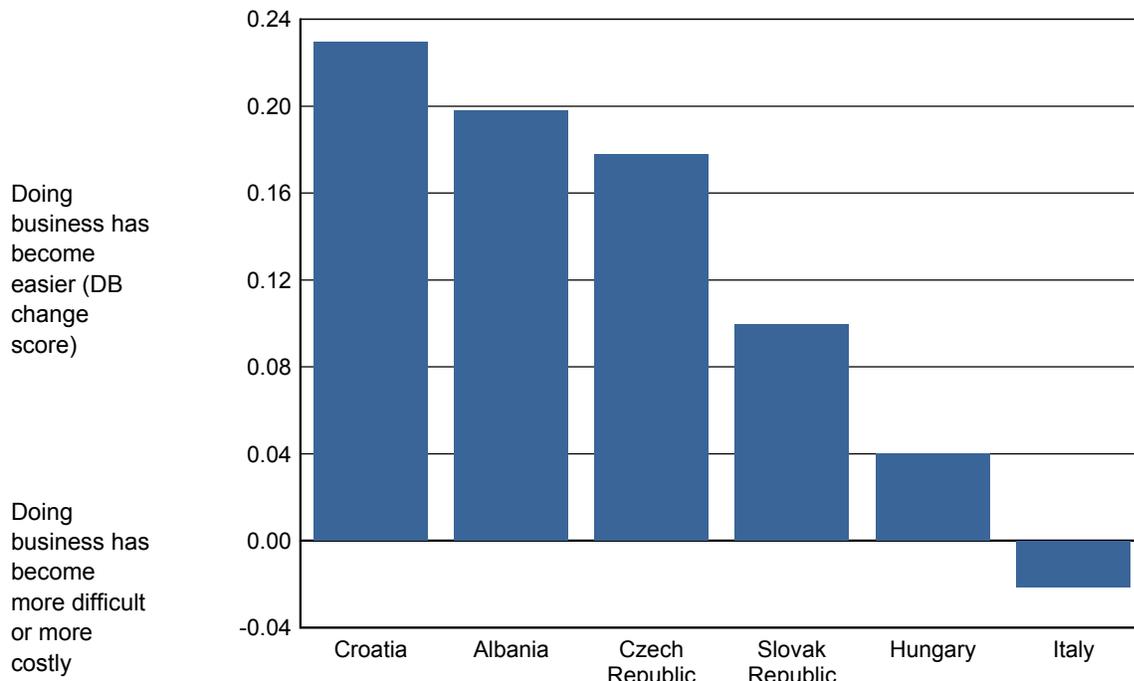
<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	7
	Cost (% of income per capita)	8.6
	Min. capital (% of income per capita)	13.7
<b>Dealing with Construction Permits</b>	Procedures (number)	13
	Time (days)	315
	Cost (% of income per capita)	850.9
<b>Registering Property</b>	Procedures (number)	5
	Time (days)	104
	Cost (% of property value)	5.0
<b>Getting Credit</b>	Strength of legal rights index (0-10)	6
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	81.2
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	1
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	4.0
<b>Paying Taxes</b>	Payments (number per year)	17
	Time (hours per year)	196
	Profit tax (%)	11.4
	Labor tax and contributions (%)	19.4
	Other taxes (%)	1.6
	Total tax rate (% profit)	32.5
<b>Trading Across Borders</b>	Documents to export (number)	7
	Time to export (days)	20
	Cost to export (US\$ per container)	1281
	Documents to import (number)	8
	Time to import (days)	16
	Cost to import (US\$ per container)	1141

<b>Enforcing Contracts</b>	Procedures (number)	38
	Time (days)	561
	Cost (% of claim)	13.8
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	28.7
	Time (years)	3.1
	Cost (% of estate)	15

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators-such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

### Some reform outcomes

*In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.*

*In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.*

*In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.*

### What does Starting a Business measure?

#### Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

#### Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

**Starting a Business:** getting a local limited liability company up and running  
*Rankings are based on 4 subindicators*



### Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

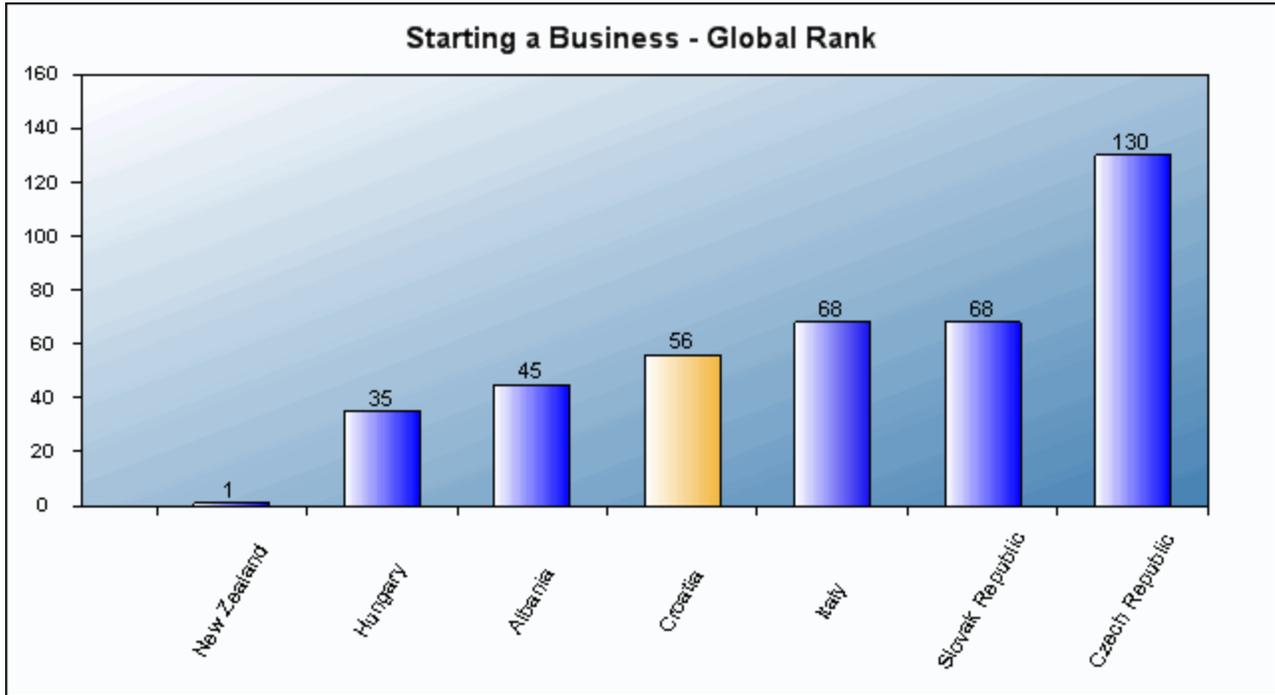
#### The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

## 1. Benchmarking Starting a Business Regulations:

Croatia is ranked 56 overall for Starting a Business.

Ranking of Croatia in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of income per capita)</b>	<b>Min. capital (% of income per capita)</b>
<b>Denmark*</b>			0.0	
<b>New Zealand*</b>	1	1		0.0

<i>Selected Economy</i>				
<b>Croatia</b>	<b>6</b>	<b>7</b>	<b>8.6</b>	<b>13.7</b>

<i>Comparator Economies</i>				
<b>Albania</b>	5	5	16.8	0.0
<b>Czech Republic</b>	9	20	9.3	30.9
<b>Hungary</b>	4	4	8.2	10.2
<b>Italy</b>	6	6	18.5	10.1
<b>Slovak Republic</b>	6	16	1.9	22.2

\* The following economies are also good practice economies for :

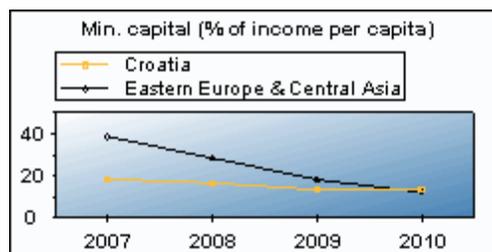
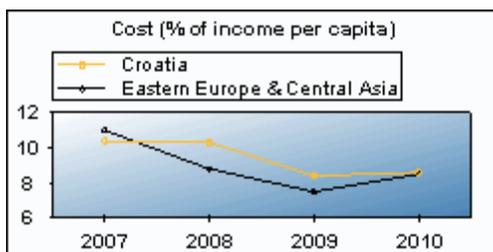
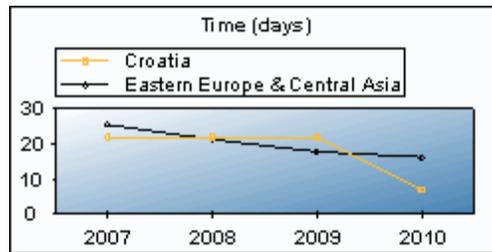
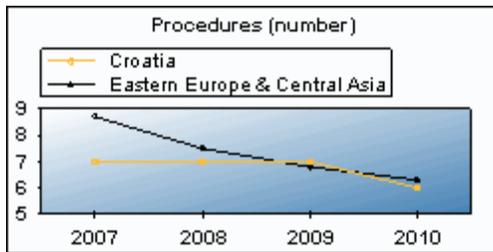
**Procedures (number):** **Canada**

**Cost (% of income per capita):** **Slovenia**

## 2. Historical data: Starting a Business in Croatia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	100	56
Procedures (number)	7	7	7	6
Time (days)	22	22	22	7
Cost (% of income per capita)	10.4	10.3	8.4	8.6
Min. capital (% of income per capita)	18.4	16.6	13.4	13.7

3. The following graphs illustrate the Starting a Business sub indicators in Croatia over the past 4 years:



## What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



This table summarizes the procedures and costs associated with setting up a business in Croatia.

### STANDARDIZED COMPANY

Legal Form: Limited Liability Company

City: Zagreb

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check availability of the name with FINA (Financial Agency - Centre for HITRO.HR)	1	no charge
2	Notarize memorandum of association and register company with the Commercial Court electronically	2	HRK 5,875
3	Order official seal and apply for statistical registration number	1	HRK 205
4	Open a bank account	1	HRK 175
5	* Register with tax authority (porezna uprava) for VAT and employee income tax withdrawals	1	no charge
6	* Register with Croatian Pension Insurance Fund (Hrvatski zavod za mirovinsko osiguranjem, HZMO) or FINA	1	no charge

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Croatia

### Procedure 1 Check availability of the name with FINA (Financial Agency - Centre for HITRO.HR)

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The founder can check the availability of the company name online by searching through the database of the court registry. However, this search is not reliable enough to make the final decision, because even though certain name could appear available because there is no identical/ similar registration, the court may refuse the same for other reasons, e.g., if the name is descriptive for business activities of the future company, if the name is in foreign language (which is generally not allowed although there are important exceptions etc.).

It is recommended to send an email to or even call HITRO and ask whether the chosen name is registrable or not. HITRO then automatically contacts one of the judges of the competent court (competence is determined according to the place of official seat of the company in the process of setting up) and gets back to the applicant with the result in form of yes or no answer. The whole procedure of checking and getting the feedback from HITRO is usually completed the same day.

### Procedure 2 Notarize memorandum of association and register company with the Commercial Court electronically

**Time to complete:** 2

**Cost to complete:** HRK 5,875

**Comment:** Regulation of Performing Registrations in the Court Registry (Pravilnik o načinu upisa u sudski registar) Official Gazette (Narodne Novine) issue 134/07 introduced the possibility of filing the applications to the court registries together with their enclosures in an electronic form by the notary public or other persons authorized. This electronic communication became operational as of October 21, 2009.

Instead of filing the application for registration of the limited liability company with the court registries in hard copy, the public notary fills now the application electronically. The notary signs it with an advanced electronic signature specific to each notary public. All the other documents necessary for the incorporation process are scanned and send electronically with the application. The notary public is free to decide whether to send the electronic application to HITRO or directly to the court; in most cases though notary publics choose HITRO as HITRO immediately informs them if there are some documents missing, or any problems in transmission, legibility or similar.

The notary public is obliged to deliver the application and enclosures in hard copy to the court registry within 3 days as of the receipt of the electronic application at the court registry. The court processes the application received online, without waiting for the hard copies. If everything is in order with the application and the scanned documents enclosed, the court renders the decision the next day. The decision is rendered electronically. Such decision however is not signed/ stamped and may not be used as proof of incorporation. Still, it serves to the notary public to see that the decision has been made. Hard copy of the decision is prepared and dispatched also the same day (the day after filing the application), but it takes a day or two for the same to be delivered by the post office to the notary public. If the founder/ notary public would like to get the hard copy decision also the same day as the decision in electronic form, they can pick it up physically from the court.

The cost to notarize the memorandum of association depends on the number of founders and the founding capital. The notary public drafts the deed of incorporation and the articles of association of the prospective company, fills in the electronic application (the cost of the electronic application is the same as the cost of the hard copy application) and draft the director's statement on acceptance of the appointment. However, if done by HITRO, the documents must be notarized by the notary public. For other documents, the notary public verifies the signatures. The drafting of the articles of association, the electronic application, and the director's statement of acceptance of the appointment can also be done by HITRO. However, it is mandatory that the notary public notarize all the above documents.

Court and publication fees have to be paid by: bank transfer (at the bank), at FINA, post offices, or by Internet banking service. Notary public should send scanned confirmations of fees' payment to HITRO/ court along with the application.

### Procedure 3 Order official seal and apply for statistical registration number

**Time to complete:** 1

**Cost to complete:** HRK 205

**Comment:** Official seals are readily available throughout Croatia at special seal-making shops. A copy of the court decision on registration of incorporation should be presented in order to have the seal made. The seal should be used on all official documents (including invoices, receipts and so on) issued by the company. Seals can also be ordered through FINA offices (on 24 locations as well as where are HITRO.HR offices). If done through FINA, the entrepreneur can at the same time also apply for statistical registration. This is due to a reform introduced by the Governments Ordinance on formulation of operations done by Financial agency in the one-stop- shop implementation (Official gazette98/05).  
The Company has to obtain a Statistical File Number with the State Office for Statistics (Drzavni zavod za statistiku), in a form of "Information on classification of the business entity pursuant to the National Classification of Activities". If given the appropriate Special Power of Attorney, FINA registers the company with the State Office for Statistics (Drzavni zavod za statistiku) and obtains the Statistical File Number in a form of "Information on classification of the business entity pursuant to the National Classification of Activities".

### Procedure 4 Open a bank account

**Time to complete:** 1

**Cost to complete:** HRK 175

**Comment:**

### Procedure 5 Register with tax authority (porezna uprava) for VAT and employee income tax withdrawals

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Upon registering with the Commercial Court Register and fulfilling its obligations with the State Bureau of Statistics, the company must register with the competent tax authority. Once a company is registered at the State Bureau of Statistics, company data is sent electronically to the tax authority, which levies the annual company tax. The company must register for VAT at the Tax Office, however, only after its first invoice (within 15 days of issuance). Once the company is registered for VAT, all tax payments can be processed through an electronic system, e-VAT. If the company's total taxable annual income exceeds HRK 85,000, it must register itself as an entity in the VAT system with the competent tax authority, based on the company's registered seat. Starting from January 01, 2009 a revision of the existing Croatian Law on Companies came into force (published in the Official Gazette no. 146/2008). The change involves inducing "OIB"

(personal identification number), that replaces tax number for legal entities. Personal identification number is defined as identification mark of personal identification number that users of that number use in their official evidences and with change of datas.

**Procedure 6 Register with Croatian Pension Insurance Fund (Hrvatski zavod za mirovinsko osiguranjem, HZMO) or FINA**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The company must register with the Croatia Pension Insurance Fund within 15 days of incorporation. Companies must also their employees within 15 days from the date of entering into an employment agreement. The procedure may be completed before the competent HZMO office or at the HITRO centers. As of May 2006, electronic filing of the application for registration with the Pension Insurance Fund (HZMO) is also available.

The company must register with the Croatia Institute for Health Insurance (HZZO) as a contributions payer. The company also must register its employees within 15 days of the date of executing an employment agreement. No fees are required. Registration can be completed within one day if all the required documents are submitted. The procedure may be completed before the competent HZZO office or with HITRO. The following documents should be submitted:

- Decision about the registration into the Court Registry.
- Notice of classification from the National Institute for Statistics Application (to the Croatian Health Insurance Fund).
- Proof of place of residence and the work contract.

All persons employed for the first time and age 40 are obliged to register in the second pillar of retirement insurance. A person has to choose the obligatory pension fund within 3 months of the date of employment. If the fund is not chosen after that period, REGOS (the Central Register of Insurees) itself chooses the obligatory pension fund that the person will register in. All persons employed for the first time and between ages 40 and 50 can, if they desire, register with the second pillar of retirement insurance. A person has to choose the obligatory pension fund within 6 months of the date of employment. If the fund is not chosen after that period, a person permanently loses the right to register in the second pillar of retirement insurance.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

### Some reform outcomes

*In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.*

*Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.*

### What does the Dealing with Construction Permits indicator measure?

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

### Case Study Assumptions

#### The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

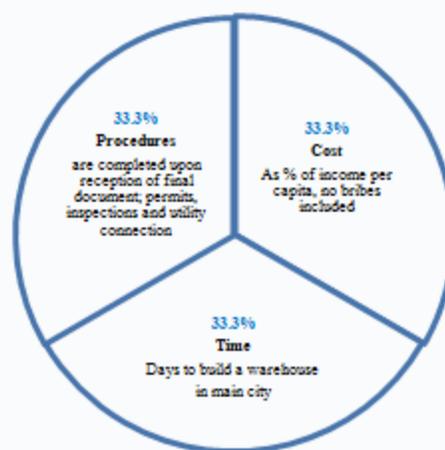
#### The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

### Dealing with Construction Permits:

#### Building a warehouse

Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Croatia is ranked 132 overall for Dealing with Construction Permits.

Ranking of Croatia in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of income per capita)</b>
<b>Denmark</b>	6		
<b>Qatar</b>			0.8
<b>Singapore</b>		25	

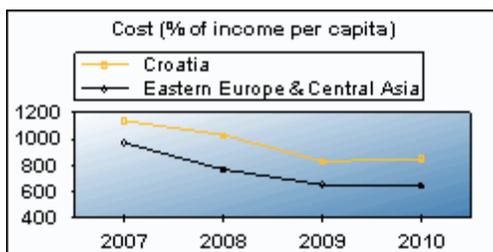
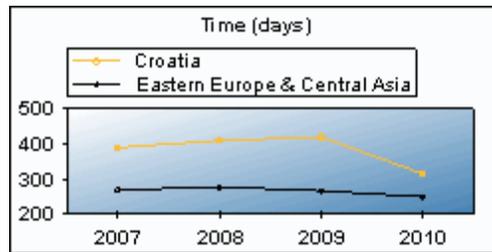
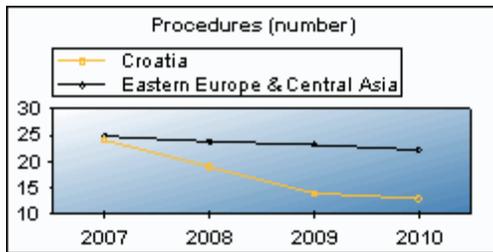
<i>Selected Economy</i>			
<b>Croatia</b>	<b>13</b>	<b>315</b>	<b>850.9</b>

<i>Comparator Economies</i>			
<b>Albania</b>	24	331	381.3
<b>Czech Republic</b>	36	150	16.4
<b>Hungary</b>	31	189	9.8
<b>Italy</b>	14	257	142.3
<b>Slovak Republic</b>	13	287	12.7

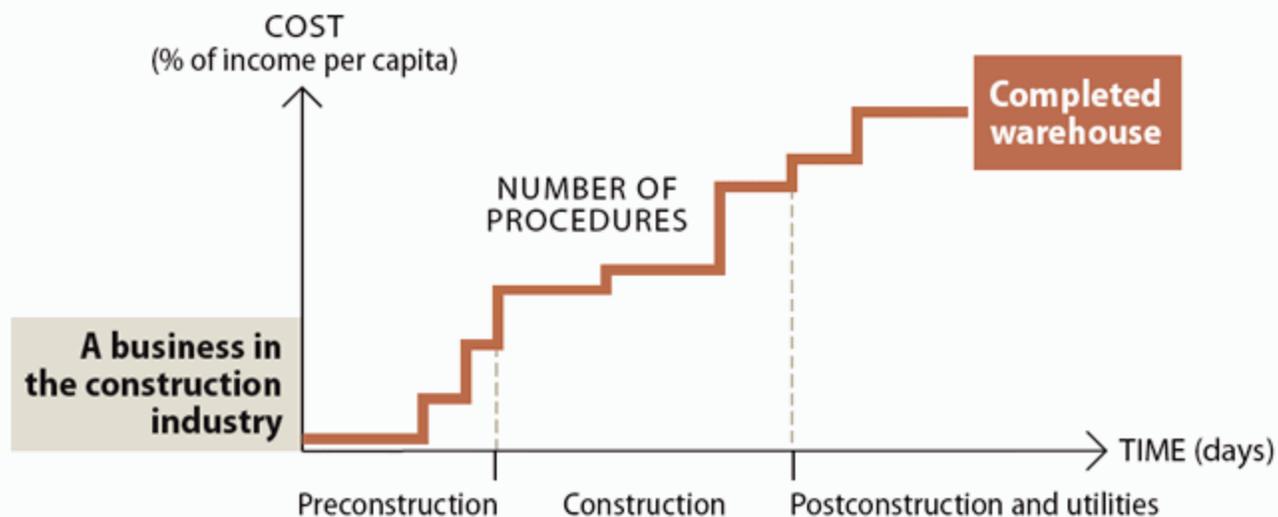
## 2. Historical data: Dealing with Construction Permits in Croatia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	145	132
Procedures (number)	24	19	14	13
Time (days)	390	410	420	315
Cost (% of income per capita)	1137.2	1030.1	831.2	850.9

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Croatia over the past 4 years:



## What are the time, cost and number of procedures to comply with formalities to build a warehouse?



The table below summarizes the procedures, time, and costs to build a warehouse in Croatia.

### BUILDING A WAREHOUSE

City: Zagreb

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain excerpt from the Land Registry for subject and bordering lands	1 day	HRK 20
2 *	Obtain possession list for subject and bordering lands from the Ministry of Justice	3 days	HRK 70
3 *	Obtain copy of cadastre plan	1 day	HRK 110
4	Obtain decision from the municipal authority regarding utilities	22 days	HRK 144,367
5	Pay water contribution to the state company Croatian Waters (Hrvatske Vode)	15 days	HRK 273,000
6	Obtain a final building resolution from the Municipality of City of Zagreb (Construction Department)	45 days	HRK 1,050
7	Obtain water and sewage connection	20 days	HRK 8,000
8 *	Obtain power connection	15 days	HRK 190,400

9 *	Obtain telephone connection	15 days	HRK 650
10	Apply for occupancy permit	90 days	HRK 20
11 *	Receive on-site inspection and signature of completion statement	1 day	HRK 700
12	Inform tax authority about new building	1 day	no charge
13	Inform tax authority about new building	120 days	HRK 500

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Croatia

### Procedure 1 Obtain excerpt from the Land Registry for subject and bordering lands

**Time to complete:** 1 day

**Cost to complete:** HRK 20

**Agency:** Land Registry

**Comment:** The company must obtain preliminary approvals from various authorities. Such approvals are issued based on the preliminary project design drawings and other documents needed to process the location permit. They are applied for before the application for the application for the issuance of the location permit; however these applications can be filed simultaneously. Land Registry Department of the Municipal Court in Zagreb has transferred a significant portion of Land Registry data into electronic form, as a result, excerpts can be obtained immediately upon request or in a shorter term. Also, as the backlog of cases has reduced due to increased number of staff and other reform efforts, general improvements in the efficiency of the Land Registry Department in Zagreb can be noted. The procedure takes now on average 1 day.

### Procedure 2 Obtain possession list for subject and bordering lands from the Ministry of Justice

**Time to complete:** 3 days

**Cost to complete:** HRK 70

**Agency:** Ministry of Justice

**Comment:** The company must obtain preliminary approvals from various authorities. Such approvals are issued based on the preliminary project design drawings and other documents needed to process the location permit. They are applied for before the application for the issuance of the location permit; however, these applications can be filed simultaneously. The validity of such approvals is 2 years.

Possession list from the Ministry of Justice can be obtained now in 7 days. Before this would take 15 days.

### Procedure 3 Obtain copy of cadastre plan

**Time to complete:** 1 day

**Cost to complete:** HRK 110

**Agency:** County Office (cadastre and geodetic activities)

**Comment:** This copy can be obtained from the County Office for Cadastre and Geodetic Activities.

Cadastre plan copy can be obtained from the Country Office for Cadastre and Geodetic Activities now takes only 1 day. Previously it used to take 1 week.

### Procedure 4 Obtain decision from the municipal authority regarding utilities

**Time to complete:** 22 days

**Cost to complete:** HRK 144,367

**Agency:** Municipal Authority

**Comment:** The company must obtain a decision from the municipal authority on utility fees, based on the construction permit. The amount of the fee depends on the building size (in cubic meters) and on the location. (Zagreb is divided into seven zones. In the case considered here, the warehouse is in an industrial zone, assumed to be zone 6). The fee can be paid in full or in installments. When BuildCo believes that infrastructure projects (utilities or public roads) need to be undertaken around the plot, the constructor can negotiate with the municipality to finance part of these investments through utility fees. The utilities fee is set from HRK 20 to HRK 180 per cubic meter, depending on the zone (e.g., HRK 37 for zone 6). The volume of the warehouse is calculated according to the methodology provided in the regulation, by using the data (heights) from the project documents. (1300 sq. m. x HRK 37 x 3 m. [height of each story] = 7,800 cubic meters x HRK 37 = HRK 144,300).

#### **Procedure 5 Pay water contribution to the state company Croatian Waters (Hrvatske Vode)**

**Time to complete:** 15 days

**Cost to complete:** HRK 273,000

**Agency:** Hrvatske Voda

**Comment:** Water contribution is paid to finance the management of water resources and protection from floods. The cost is determined based on the zone the new construction is in (Zones A, B, and C – Zone A is Zagreb and the protected coastal area, Zone B is the rest of the country, and Zone C are areas subject to special Government care), the purpose of the construction (residential, industrial, public interest), and the volume of the construction. The cost for the warehouse described in the questionnaire would be 650 m (base)\* 6 m (height) \* 70 HRK according to the price list of Hrvatske Vode ([www.voda.hr](http://www.voda.hr)).

#### **Procedure 6 Obtain a final building resolution from the Municipality of City of Zagreb (Construction Department)**

**Time to complete:** 45 days

**Cost to complete:** HRK 1,050

**Agency:** Municipality of City of Zagreb

**Comment:** The construction permit allows the investor to begin construction.

According to the Law on Physical Planning and Construction (Official Gazette Nr. 76/2007., entered into force on October 1, 2007) the building permit is no longer necessary in most cases. It is only required for the construction of infrastructure objects and other buildings provided for by special regulation. The construction of a building with a combined (brutto) surface area under 400 sq meters (600 sq meters for buildings of agricultural use) requires a decision on the construction conditions, which replaces the building permit. The construction of a building exceeding these parameters requires a confirmation of the main project design. It is to be issued by the same body competent for the issuance of the location permit (in this case, Municipality of the City of Zagreb), and replaces the building permit. The request for confirmation of the main project design must be accompanied by the following documents:

- location permit,
- written report on the control of the main project design,
- section on the identity of designer used in the drawing up of the project design,
- certified parcelation for the new land plot.

Project clearances from fire department, sewage and water, telephone, labor inspectorate,

and sanitary inspection need to be obtained only when a building permit is required. This would not be the case in regard to BuildCo intended construction. This resulted in elimination of five procedure and accelerated and simplified procedure in that respect.

The project design must comply with the conditions provided for in the location permit and with conditions set out in special laws and regulations. The project designer is liable for compliance. The confirmation of the main project design (as opposed to the building permit and the decision on the construction conditions) is not an administrative decision in legal sense, meaning that interested third parties have no right of appeal - in general, this reform thus eliminates one potential ground for delay.

Provided that all the necessary document have been attached to the application, the competent body is obliged to issue the main project design clearance (confirmation) within 30 days upon submission of the application. However, significant increase in work load resulted in increase backlog and delays in time. In practice the permit is issues in 3-4 months.

The costs amount from HRK 800 (for constructions of 400 sq. m.), 0.50% of the estimated construction costs (for constructions over 400 sq. m.), 0.35% of the estimated construction costs (for constructions over 1,000 sq. m.), and 0.25% of the estimated construction costs (for constructions over 5,000 sq. m. and other unspecified constructions).

<b>Procedure</b>	<b>7</b>	<b>Obtain water and sewage connection</b>
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<b>Time to complete:</b>	20 days
<b>Cost to complete:</b>	HRK 8,000
<b>Agency:</b>	Water & Sewage Authority
<b>Comment:</b>	

<b>Procedure</b>	<b>8</b>	<b>Obtain power connection</b>
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<b>Time to complete:</b>	15 days
<b>Cost to complete:</b>	HRK 190,400
<b>Agency:</b>	Hrvatska Electro Priveda (HEP)
<b>Comment:</b>	The formulas for connection fees can be found in the Energy Law adopted in March 2006 by the Croatian Energy Regulatory Agency. The fees are calculated based on the unit price and the connection power or, otherwise, the real cost of the network connection. In May 2006, the unit price connection fee has been set by the Croatian government as HRK 1,350 per kW for areas outside the City of Zagreb and as HRK 1,700 per kW for areas in the city of Zagreb (HRK 1,700 per kw: 1,700 x 140=238,000).

<b>Procedure</b>	<b>9</b>	<b>Obtain telephone connection</b>
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<b>Time to complete:</b>	15 days
<b>Cost to complete:</b>	HRK 650
<b>Agency:</b>	T-Hrvatski Telekom (T-HT; T-Croatian Telecom)

**Comment:**

**Procedure 10 Apply for occupancy permit**

**Time to complete:** 90 days

**Cost to complete:** HRK 20

**Agency:** Municipality of City of Zagreb

**Comment:** Under new Law occupancy permit remains mandatory for the use of a completed building. The procedure of issuance has not changed substantially, differing only in the documents which must be enclosed to the request for issuance. Those are the following: (1) confirmation of the main project design, (2) information on the participants in the construction (investor, designer, performer of construction works, supervisory engineer), (3) report of the construction firm which built the object, and (4) final report of the supervisory engineer.

The Municipality forms an evaluation committee within 30 days after the submission of the application for the issuance of the occupancy permit, and determines the date of the on-site inspection. The investor submits various documents which substantiate that the construction has been conducted in accordance with the regulations (e.g. construction diary, licenses of the construction firm which executed the works, technical certificates for the material used in the construction, etc.) to the evaluation committee not later than on the day after the inspection. If any of the member of the evaluation committee finds that the building does not comply with a specific requirement, the investor may be given additional 90 days to make the necessary corrections (if the error is, in fact, corrigible). If all requirements have been met, the Municipality should issue the occupancy permit within 30 days after the inspection.

**Procedure 11 Receive on-site inspection and signature of completion statement**

**Time to complete:** 1 day

**Cost to complete:** HRK 700

**Agency:** Municipality of City of Zagreb

**Comment:**

**Procedure 12 Inform tax authority about new building**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Tax Authorities

**Comment:** To pay the real estate tax, the company should notify the tax authority about the new building.

**Procedure 13 Inform tax authority about new building**

**Time to complete:** 120 days

**Cost to complete:** HRK 500

**Agency:** Land Registry Court

**Comment:** Registering the new construction is not mandatory, but without registration the owner cannot take out a mortgage. Having an occupancy permit is a precondition for registering the new construction.

The procedure takes at least 4-5 months assuming we have an experienced lawyer and there are no hindrances of legal nature on the property, and there is a constant follow up. The reality is however, nearly all land plots have some sort of claim disputing the ownership. The Land Registry Court has a major backlog of cases (over 46,000) from previous years. The Court will consider BuildCo's case based on the order it came, and hence will review papers once other prior documents are reviewed.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

### Some reform outcomes

*Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.*

*Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.*

### What does the Registering Property indicator measure?

**Registering Property:** transfer of property between 2 local companies

Rankings are based on 3 subindicators

### Procedures to legally transfer title on immovable property (number)

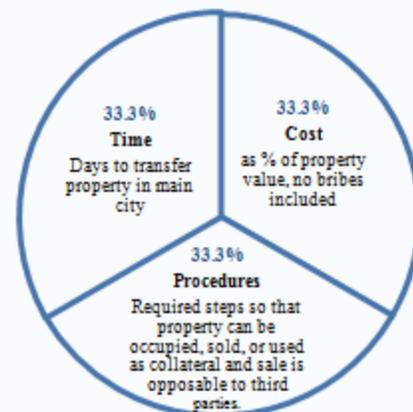
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

### Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



### Case Study Assumptions

#### The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

## 1. Benchmarking Registering Property Regulations:

Croatia is ranked 110 overall for Registering Property.

Ranking of Croatia in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of property value)</b>
<b>New Zealand*</b>		2	
<b>Norway*</b>	1		
<b>Saudi Arabia</b>			0.0

<i>Selected Economy</i>			
<b>Croatia</b>	<b>5</b>	<b>104</b>	<b>5.0</b>

<i>Comparator Economies</i>			
<b>Albania</b>	6	42	3.4
<b>Czech Republic</b>	4	43	3.0
<b>Hungary</b>	4	17	5.0
<b>Italy</b>	8	27	4.5
<b>Slovak Republic</b>	3	17	0.0

\* The following economies are also good practice economies for :

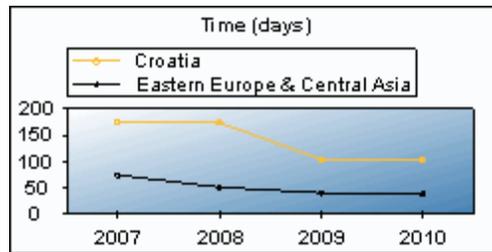
**Procedures (number): United Arab Emirates**

**Time (days): Saudi Arabia, Thailand, United Arab Emirates**

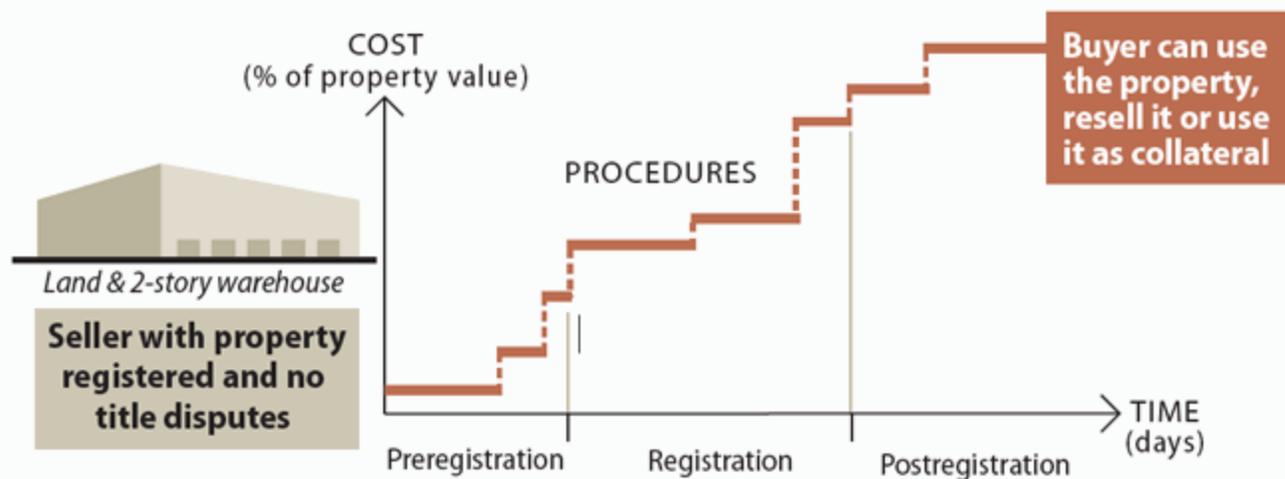
## 2. Historical data: Registering Property in Croatia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	107	110
Procedures (number)	5	5	5	5
Time (days)	174	174	104	104
Cost (% of property value)	5.0	5.0	5.0	5.0

3. The following graphs illustrate the Registering Property sub indicators in Croatia over the past 4 years:



### What are the time, cost and number of procedures required to transfer a property between 2 local companies?



This topic examines the steps, time, and cost involved in registering property in Croatia.

#### STANDARDIZED PROPERTY

Property Value: 3,636,459.81

City: Zagreb

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a land registry extract from the competent land register court	1 day	HRK 20 per extract
2	Notary notarizes sale contract	1-2 days	HRK 47 per signature verified by public notary (2 signatures required)
3	Submit the sale contract to the municipal tax administration to pay land transfer taxes	30 days	no cost
4	Pay transfer taxes, stamp duty and registration fees at a commercial bank or post office	1 day	HRK 50 (stamp duty) + HRK 200 (registration fee) + 5% of property value (real property transfer tax)
5	Register title transfer at Land Registry Court	60-80 days	Already paid in Procedure 4

## Registering Property Details - Croatia

### Procedure 1 Obtain a land registry extract from the competent land register court

**Time to complete:** 1 day

**Cost to complete:** HRK 20 per extract

**Agency:** Land Register Court (land registry office)

**Comment:** Obtaining a land registry extract has become a crucial part during the preparation process for the purchase of a real estate, since the land registry extract enjoys public faith. Due diligence requires that the buyer knows the status of the land registry. Not knowing it can also result in conflicts on the property. The extract must be stamped by the Land Register Court in order to be verified. This usually does not take more than one day. Croatia has been in the process of computerizing the Registry. This process is still in its early stages, however it is possible to search some of the Land Registry Books online and obtain an electronic Land Registry Extract for a property that has been entered in the database. As the process of computerizing the registry is progressing, the number of properties for which data are available online and electronic Land Registry Extracts can be obtained is notably increasing. Adjustment: Parties can obtain an electronic Land Registry Extract for a property that has been entered in the database. However, electronic extracts are not considered official extracts when it comes to using them for collateral purposes. Only Extracts obtained in paper directly in the Land Registry, have the legal power; the same applies for the cadastre extracts. The digital Land Registry can be accessed through:  
<http://e-izvadak.pravosudje.hr/mpweb/main.jsp>  
E-Cadastre also enables online insight into the legal status properties in Croatia, according to the number of land plot and cadastral municipality data. (<http://katastar.hr/dgu/ind.php>)  
There are 64 municipal courts that have in total 109 Land registry offices in all of Croatia.

### Procedure 2 Notary notarizes sale contract

**Time to complete:** 1-2 days

**Cost to complete:** HRK 47 per signature verified by public notary (2 signatures required)

**Comment:** The contract of sale, that contains a *clausula intabulandi* (i.e. the declaration by the seller that the purchaser may be entered in the land register), is prepared by the parties or by a lawyer and the signatures of the seller (the party whose right will be limited by contract) is verified by a public notary. A notary public has also to check and declares that persons who are signing contract for the seller and buyer companies are authorized to represent parties in this kind of transaction. Notaries are authorized to obtain official extracts from Company registrar which are kept by Commercial Courts. If a lawyer prepares the sale contract, it will cost about 1.25% of the property price (plus 22% VAT) for properties with a value above HRK 500,000. For lower values, there is a fixed fee on a scale.

The documentation shall include: Land register extract (obtained in Procedure 1).

### Procedure 3 Submit the sale contract to the municipal tax administration to pay land transfer taxes

**Time to complete:** 30 days

<b>Cost to complete:</b>	no cost
<b>Agency:</b>	Municipal Tax Administration
<b>Comment:</b>	<p>The buyer shall submit the sale agreement to the tax administration on the City/Municipality level for payment of land transfer taxes. The tax administration passes a decision on the amount of taxes payable within 30 days and sends this decision to the address of the person who submitted the sale agreement. Along with this decision of the tax administration, a payment slip is attached, with the amount of the tax due, and with the bank account number indicated.</p> <p>The notary public shall also report the sale agreement to the tax administration on the City/Municipality level for payment of land transfer taxes.</p> <p>While the buyer has the legal obligation to deliver the contract of sale to the tax authority within 30 days as of the conclusion of the sale agreement, the notary is obliged to deliver the sale agreement to the tax authority within 15 days of the month in which the certification of signatures took place.</p> <p>Within 15 days upon receipt of the tax assessment notice, the buyer shall pay the real property transfer tax. In the event of a default by the buyer, the tax authority can hold the seller jointly liable for the payment of this tax, provided that the seller assumed the contractual obligation to pay the tax. If the buyer does not notify the tax office of all circumstances regarding the real property transaction that are relevant for the proper assessment of the real property transfer tax, he shall be subject to penalties in an amount ranging from HRK 500 up to HRK 200,000. If the buyer does not pay the tax, it will not prevent the right to register the ownership.</p>

#### **Procedure 4 Pay transfer taxes, stamp duty and registration fees at a commercial bank or post office**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	HRK 50 (stamp duty) + HRK 200 (registration fee) + 5% of property value (real property transfer tax)
<b>Agency:</b>	Commercial Bank or Post Office
<b>Comment:</b>	The fees and taxes can be paid in the post offices or in the commercial banks, but only to the indicated State Budget bank account number.

#### **Procedure 5 Register title transfer at Land Registry Court**

<b>Time to complete:</b>	60-80 days
<b>Cost to complete:</b>	Already paid in Procedure 4
<b>Agency:</b>	Land Register Court (land registry office)
<b>Comment:</b>	<p>The request for the property registration must be submitted to the Registry by the parties on the appropriate registration form approved by the Ministry of Justice. However, the request shall not be rejected just because it was not submitted on the prescribed registration form. The time it takes depends on the complexity of the case and the qualifications of the registry staff, but usually a straightforward case should take about one year.</p> <p>The participation of an attorney is not mandatory, but if one is involved, his fees will be about 0.5% of the property value.</p> <p>The Registry conducts the registration procedure and renders the decision issuing the property title. The process of recording the sale agreement with the competent land register court takes around 140 days, when the proceedings are conducted by an experienced lawyer. Depending on the various courts, this process may take even longer. It should be highlighted that only the final decision, the one allowing the registration, produces the legal effect. However, regardless</p>

of the time when the final decision is rendered, the date of applying for registration will be the date marked in the Registry as the moment of transferring the ownership title. From that moment the party is protected towards all applications submitted afterwards. This rule is called the rule of priority: the buyer has the legal right to dispose with the property (to sell, lease, bequeath, transfer by gift, mortgage the property). From that moment until the final registration the buyer has "quasi ownership". Therefore, even before the registration is completed, the first buyer - quasi owner can sell the property to another, second buyer. However there is a risk if the final registration of the first buyer - quasi owner is not allowed. In that case he will be liable for damage towards the second buyer. In practice the other contractual party will probably not be willing to enter into the legal transactions with the person who is not the legal owner of the real-estate in question (or take the risk). From 2004 the Court no longer accepts incomplete applications. If the registration form contains certain deficiencies, the court will not invite the applicant to correct the request but will immediately dismiss the application. The applicant may submit a new request, which will then have a lower rank. This has resulted in some reduction of backlog at the Courts and has also led to higher demand for professional assistance with the application process. Furthermore, changes in 2005 entrust the Land Registry clerks with the authority to decide on applications, with judges deciding on appeals. With registration moving from a judicial process to a more administrative process, this is a welcome change that indicates potential for decreasing the amount of time for registration. Recent internal reorganization of the Land Books also indicates future potential for increased efficiency.

The documentation shall include:

Notarized sale agreement

Application form

Certified copy of an ID or a passport

Personal Identification Number (OIB) (required since January 1, 2009, Land registry Act of December 18, 2009)

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

#### Some reform outcomes

*After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).*

*In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.*

#### What do the Getting Credit indicators measure?

##### Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

##### Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

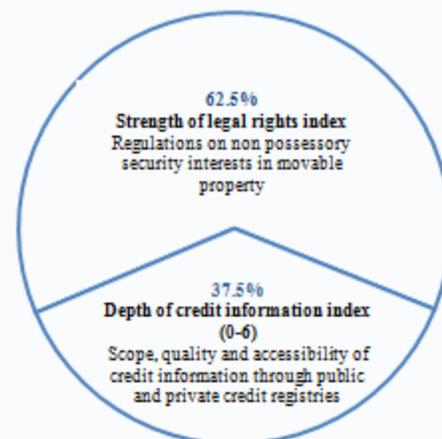
##### Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

##### Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

#### Getting Credit: collateral rules and credit information



*Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.*

#### Case Study Assumptions (applying to the Legal Rights Index only)

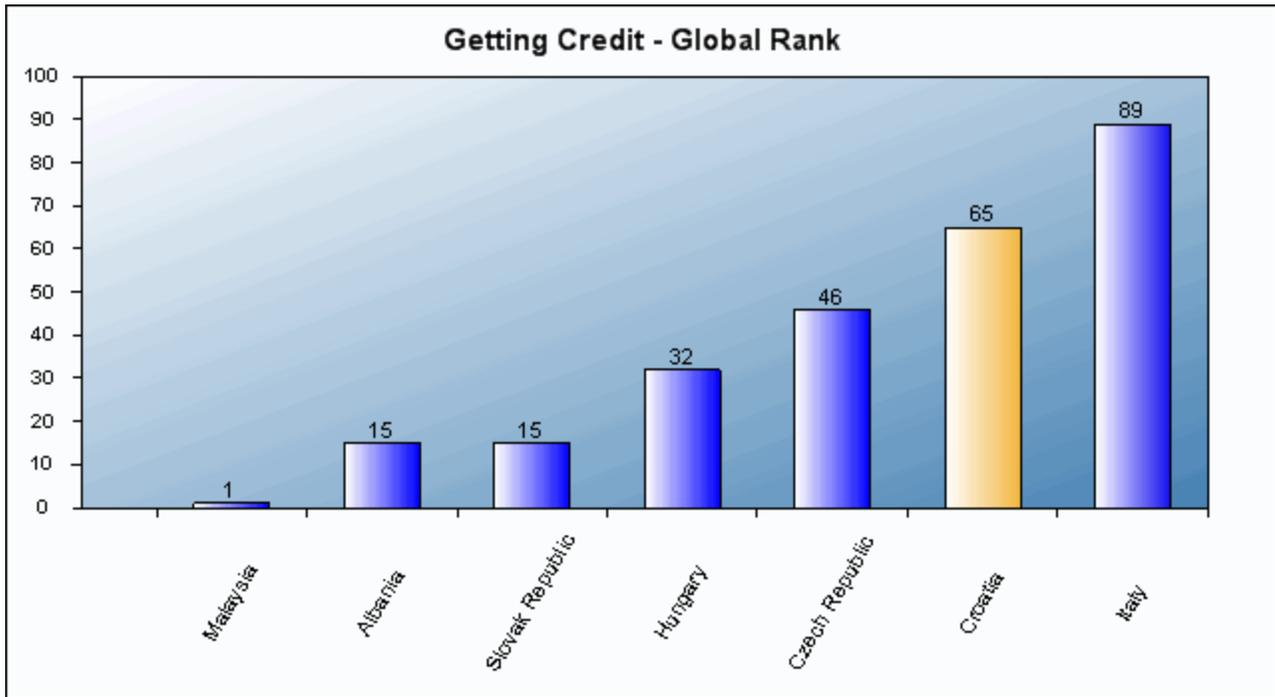
##### The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

## 1. Benchmarking Getting Credit Regulations:

Croatia is ranked 65 overall for Getting Credit.

Ranking of Croatia in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Strength of legal rights index (0-10)</b>	<b>Depth of credit information index (0-6)</b>	<b>Public registry coverage (% of adults)</b>	<b>Private bureau coverage (% of adults)</b>
<b>New Zealand*</b>				100.0
<b>Portugal</b>			67.1	
<b>Singapore*</b>	10			
<b>United Kingdom</b>		6		

<i>Selected Economy</i>				
<b>Croatia</b>	<b>6</b>	<b>4</b>	<b>0.0</b>	<b>81.2</b>

<i>Comparator Economies</i>				
<b>Albania</b>	9	4	8.3	0.0
<b>Czech Republic</b>	6	5	4.9	73.2
<b>Hungary</b>	7	5	0.0	11.4
<b>Italy</b>	3	5	16.6	80.5
<b>Slovak Republic</b>	9	4	2.2	44.5

\* The following economies are also good practice economies for :

**Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia**

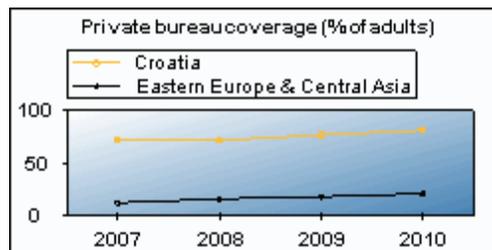
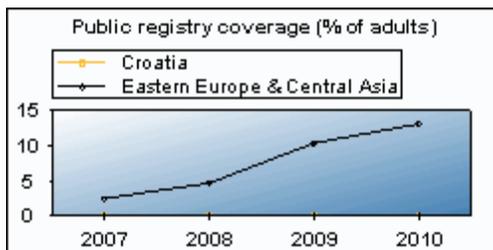
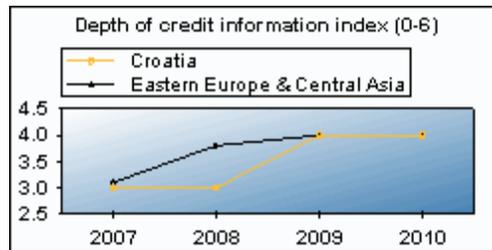
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

**27 countries have the highest credit information index.**

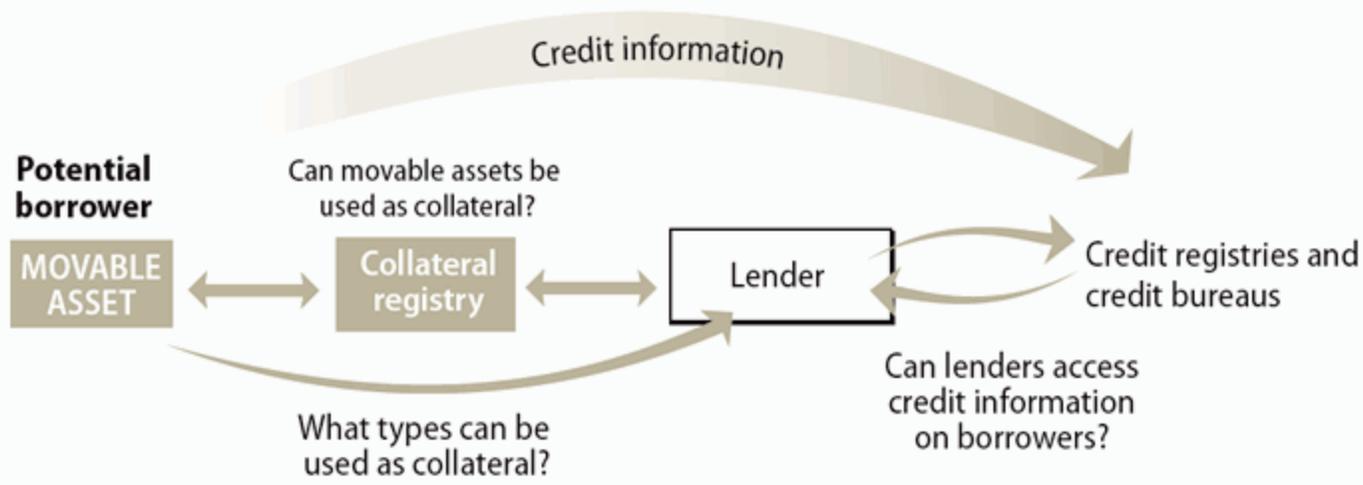
## 2. Historical data: Getting Credit in Croatia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	61	65
Strength of legal rights index (0-10)	6	6	6	6
Depth of credit information index (0-6)	3	3	4	4
Private bureau coverage (% of adults)	72.4	71.8	77.0	81.2
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

## 3. The following graphs illustrate the Getting Credit sub indicators in Croatia over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?  
Is the law favorable to borrowers and lenders using movable assets as collateral?**



The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Croatia.

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>4</b>
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	81.2	0.0	
Number of individuals	3,048,000		0
Number of firms	0		0

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	Yes

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

### Some reform outcomes

*In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).*

*After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.*

### What do the Protecting Investors indicators measure?

#### Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

#### Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

#### Ease of shareholder suits index (0–10)

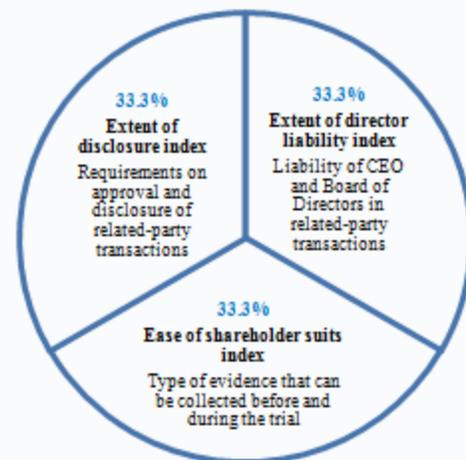
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

**Protecting Investors:** minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

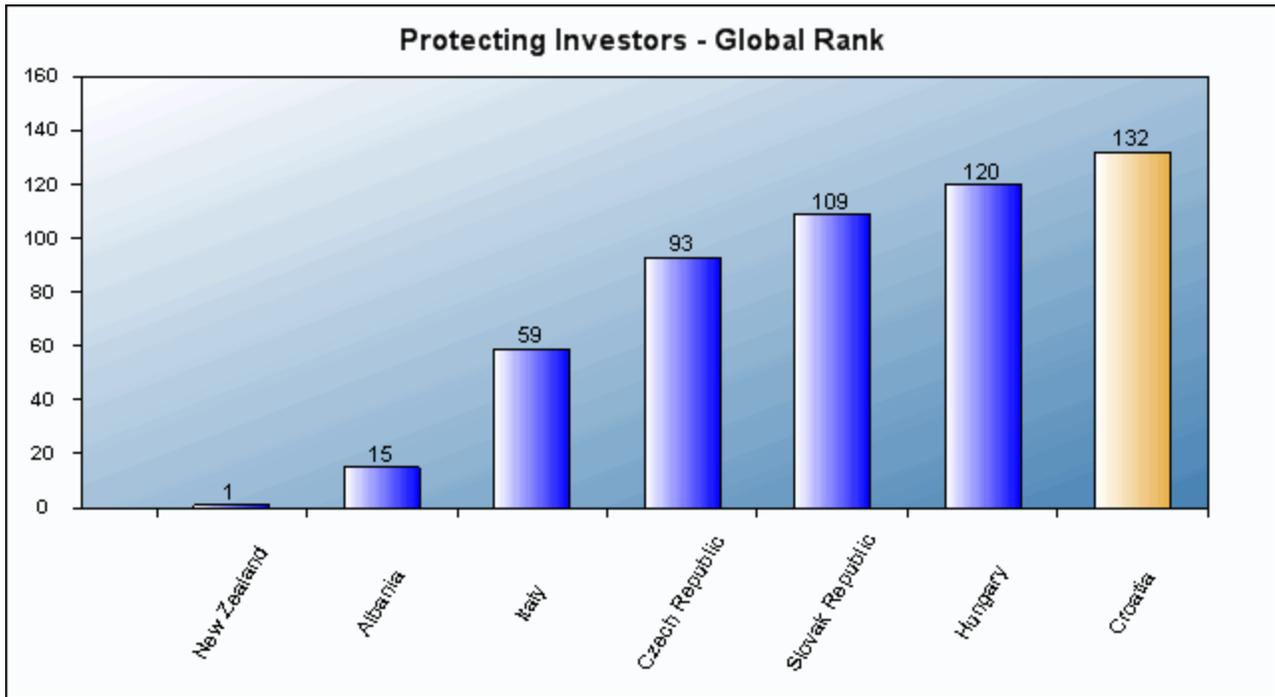
#### The transaction

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company.
- Shareholders sue the interested parties and the members of the board of directors.

## 1. Benchmarking Protecting Investors Regulations:

Croatia is ranked 132 overall for Protecting Investors.

Ranking of Croatia in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Strength of investor protection index (0-10)</b>
<b>New Zealand</b>	9.7

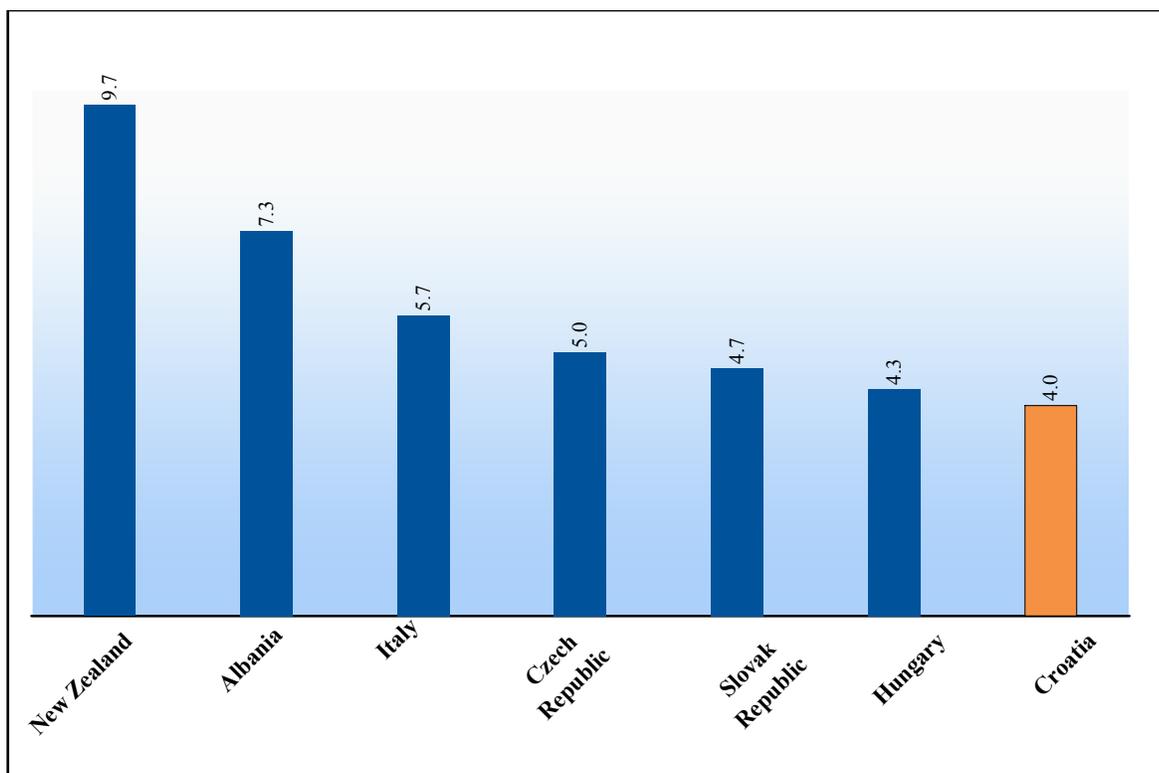
<i>Selected Economy</i>	
<b>Croatia</b>	<b>4.0</b>

<i>Comparator Economies</i>	
<b>Albania</b>	7.3
<b>Czech Republic</b>	5.0
<b>Hungary</b>	4.3
<b>Italy</b>	5.7
<b>Slovak Republic</b>	4.7

## 2. Historical data: Protecting Investors in Croatia

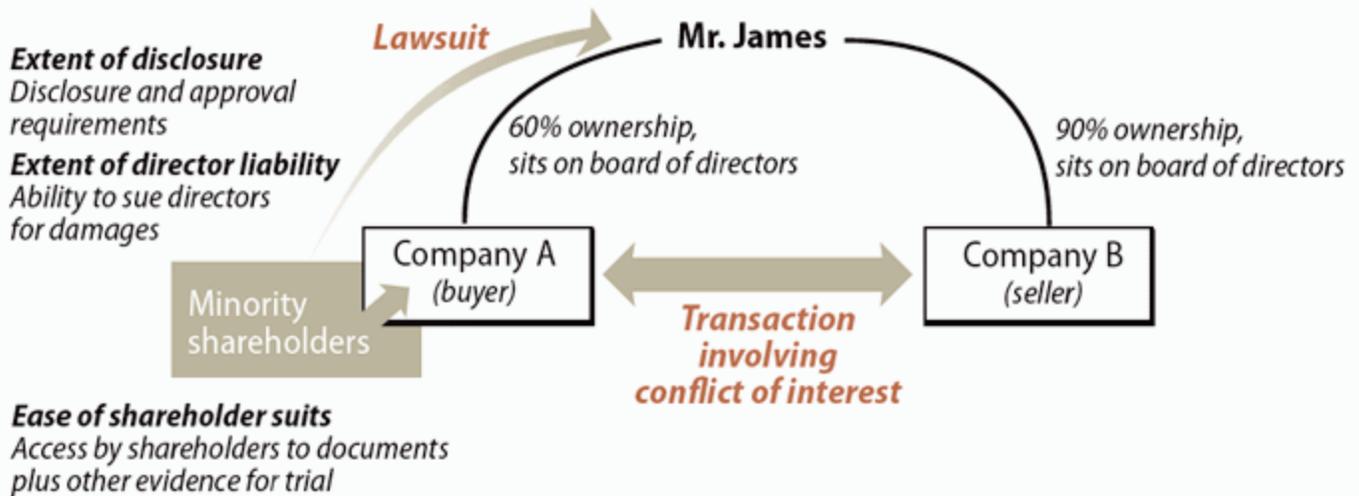
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	132
Strength of investor protection index (0-10)	4.0	4.0	4.0	4.0

3. The following graph illustrates the Protecting Investors index in Croatia compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

## How well are minority shareholders protected against self-dealing in related-party transactions?



The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Croatia.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>1</b>
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	0
Whether an external body must review the terms of the transaction before it takes place?	0
<b>Extent of director liability index (0-10)</b>	<b>5</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
<b>Ease of shareholder suits index (0-10)</b>	<b>6</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>4.0</b>

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

### Some reform outcomes

*Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.*

*Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.*

### What do the Paying taxes indicators measure?

**Tax payments for a manufacturing company in 2009**  
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

**Time required to comply with 3 major taxes** (hours per year)

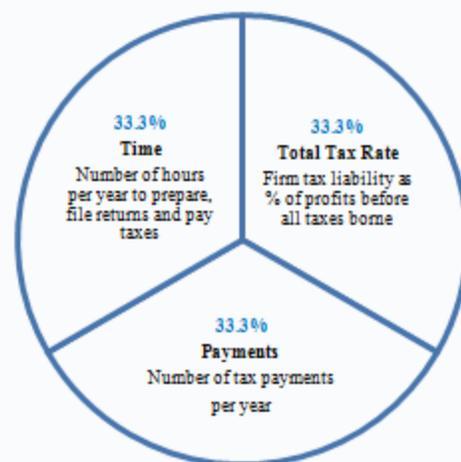
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**Total tax rate** (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

**Paying Taxes:** tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



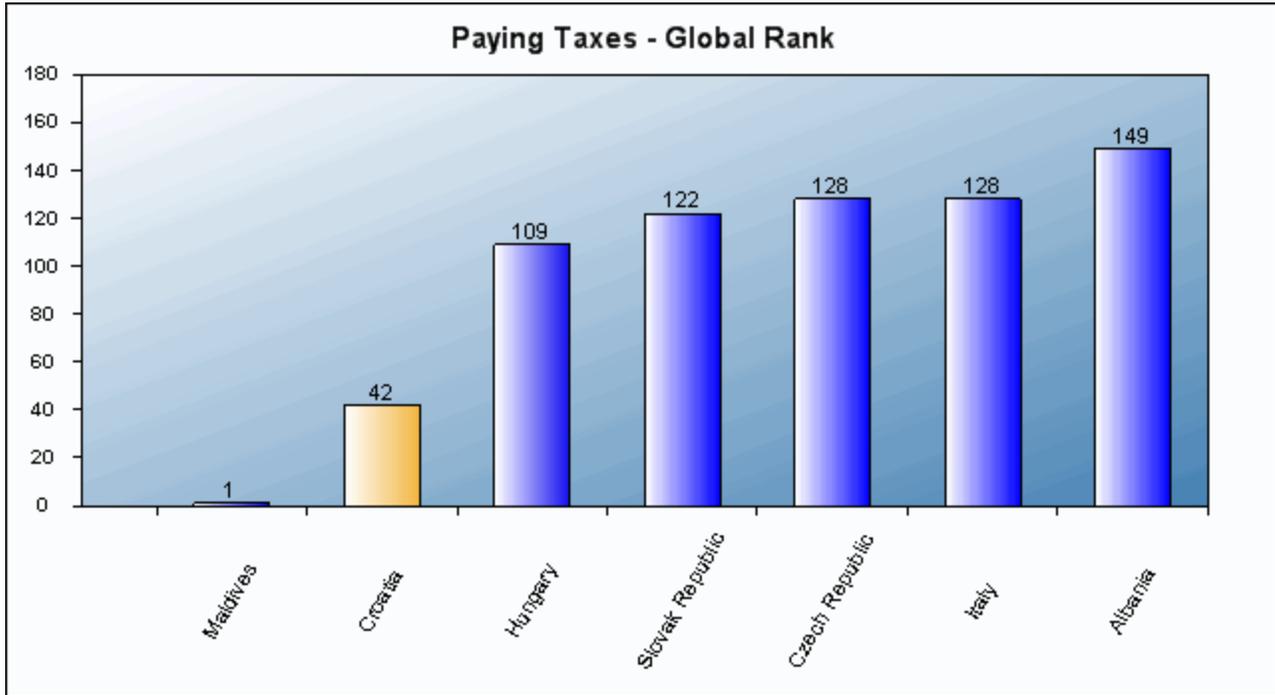
### Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

## 1. Benchmarking Paying Taxes Regulations:

Croatia is ranked 42 overall for Paying Taxes.

Ranking of Croatia in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Payments (number per year)</b>	<b>Time (hours per year)</b>	<b>Total tax rate (% profit)</b>
<b>Maldives*</b>	3	0	
<b>Timor-Leste</b>			0.2

<i>Selected Economy</i>			
<b>Croatia</b>	<b>17</b>	<b>196</b>	<b>32.5</b>

<i>Comparator Economies</i>			
<b>Albania</b>	44	360	40.6
<b>Czech Republic</b>	12	557	48.8
<b>Hungary</b>	14	277	53.3
<b>Italy</b>	15	285	68.6
<b>Slovak Republic</b>	31	257	48.7

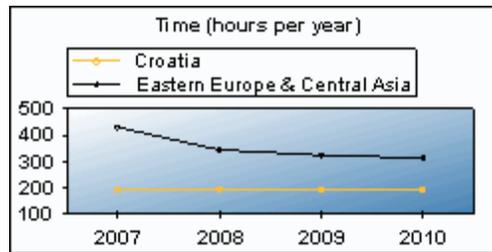
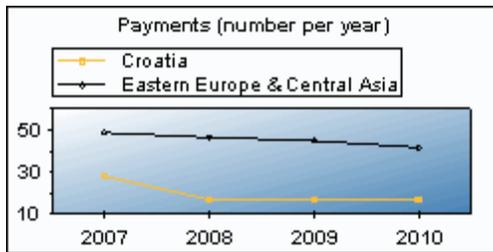
\* The following economies are also good practice economies for :

**Payments (number per year): Qatar**

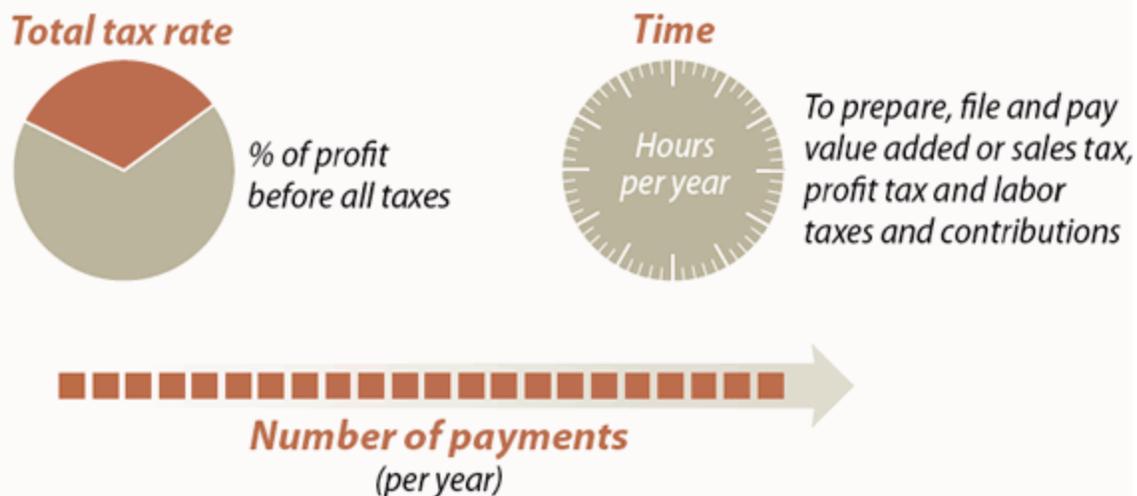
## 2. Historical data: Paying Taxes in Croatia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	40	42
Total tax rate (% profit)	32.5	32.5	32.5	32.5
Payments (number per year)	28	17	17	17
Time (hours per year)	196	196	196	196

## 3. The following graphs illustrate the Paying Taxes sub indicators in Croatia over the past 4 years:



## What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Croatia, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	40	23.0%	value added		
Tax on company name	1			fixed fee (HRK 340)		0.00	
Fuel tax	1			1kn	per liter	0.40	
Forest contribution	1			0.1%	turnover (purchase cost)	1.20	
Corporate income tax	1	online filing	60	20.0%	taxable profit	11.40	
Social security contributions	12		96	17.2%	gross salaries	19.40	
<b>Totals</b>	<b>17</b>		<b>196</b>			<b>32.5</b>	

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

### Some reform outcomes

*In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.*

*In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.*

### What do the Trading Across Borders indicators measure?

**Trading Across Borders:** exporting and importing by ocean transport

Rankings are based on 3 subindicators

#### Documents required to export and import (number)

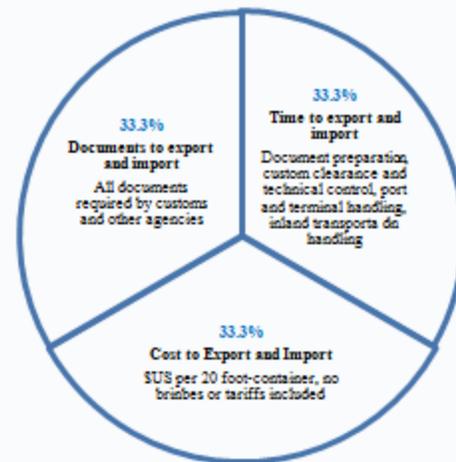
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

#### Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



### Case Study Assumptions

#### The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

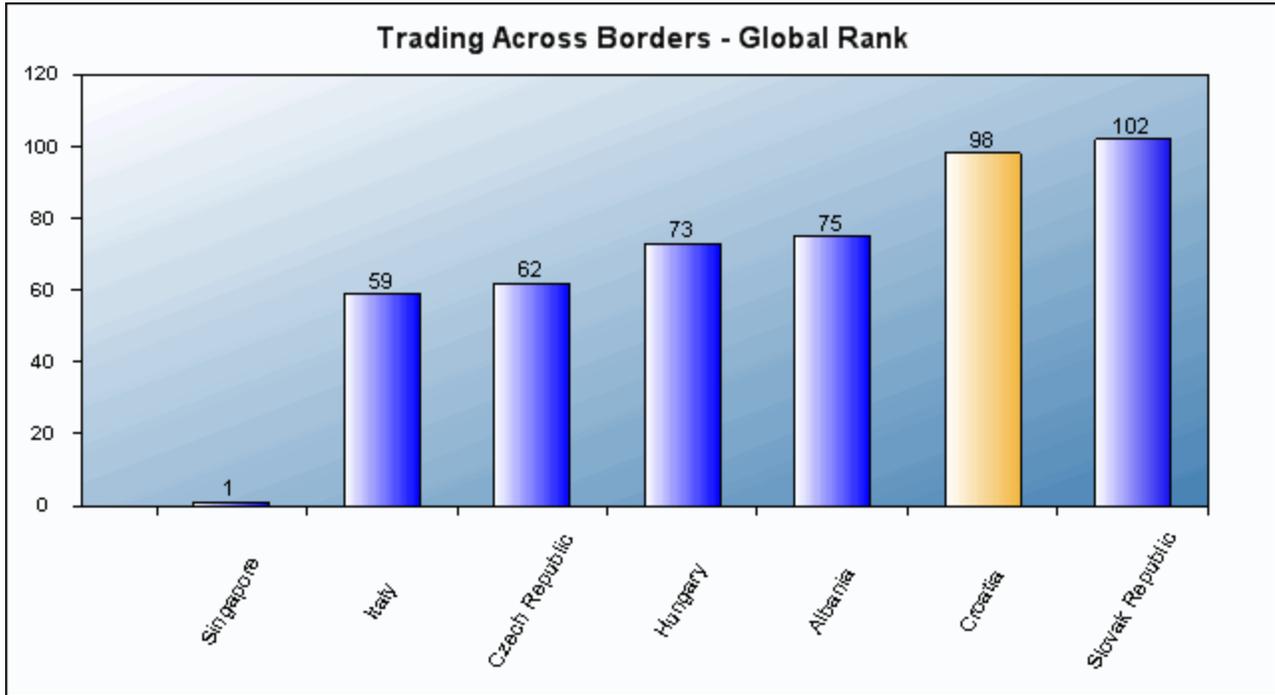
#### The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

## 1. Benchmarking Trading Across Borders Regulations:

Croatia is ranked 98 overall for Trading Across Borders.

Ranking of Croatia in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Documents to export (number)</b>	<b>Time to export (days)</b>	<b>Cost to export (US\$ per container)</b>	<b>Documents to import (number)</b>	<b>Time to import (days)</b>	<b>Cost to import (US\$ per container)</b>
<b>Denmark*</b>		5				
<b>France</b>	2			2		
<b>Malaysia</b>			450			
<b>Singapore</b>					4	439

<i>Selected Economy</i>						
<b>Croatia</b>	<b>7</b>	<b>20</b>	<b>1281</b>	<b>8</b>	<b>16</b>	<b>1141</b>

<i>Comparator Economies</i>						
<b>Albania</b>	7	19	725	9	18	710
<b>Czech Republic</b>	4	17	1060	7	20	1165
<b>Hungary</b>	5	18	1225	7	17	1215
<b>Italy</b>	4	20	1245	4	18	1245
<b>Slovak Republic</b>	6	17	1530	8	19	1505

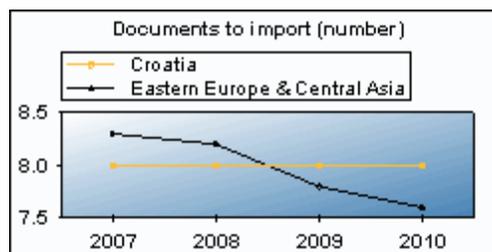
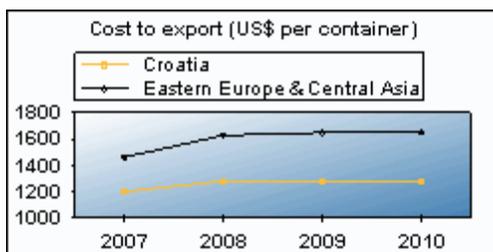
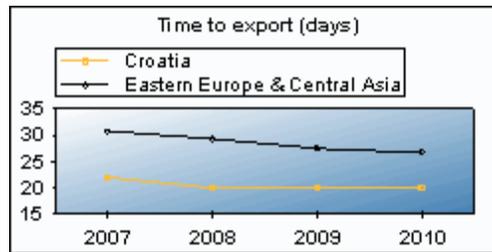
\* The following economies are also good practice economies for :

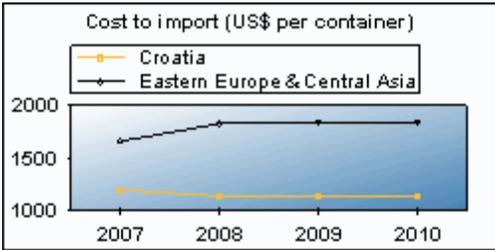
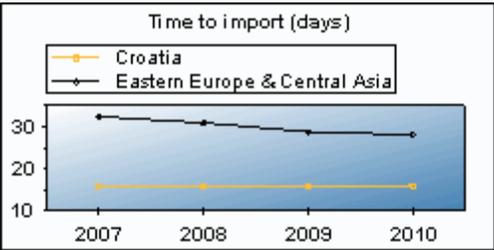
**Time to export (days): Estonia**

## 2. Historical data: Trading Across Borders in Croatia

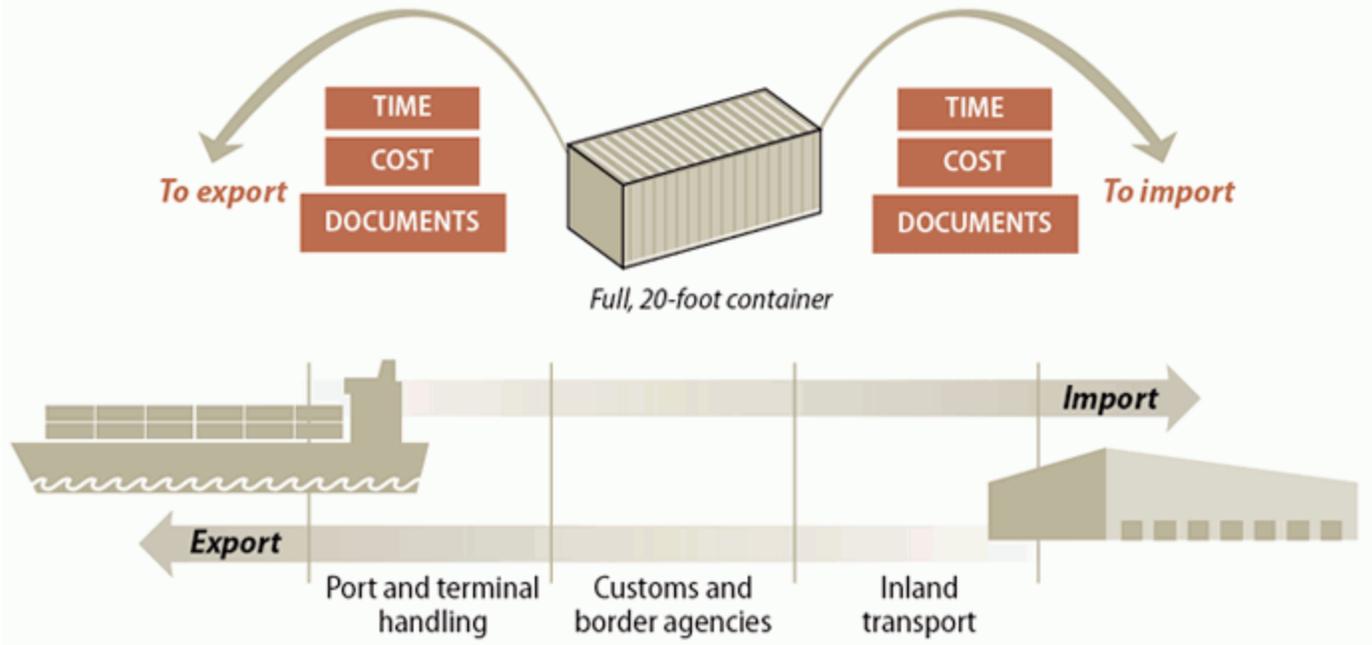
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	96	98
Cost to export (US\$ per container)	1200	1281	1281	1281
Cost to import (US\$ per container)	1200	1141	1141	1141
Documents to export (number)	7	7	7	7
Documents to import (number)	8	8	8	8
Time to export (days)	22	20	20	20
Time to import (days)	16	16	16	16

3. The following graphs illustrate the Trading Across Borders sub indicators in Croatia over the past 4 years:





## How much time, how many documents and what cost to export and import across borders by ocean transport?



These tables list the procedures necessary to import and export a standardized cargo of goods in Croatia. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	343
Customs clearance and technical control	4	50
Ports and terminal handling	5	288
Inland transportation and handling	3	600
Totals	20	1281

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	9	230
Customs clearance and technical control	2	50
Ports and terminal handling	3	281
Inland transportation and handling	2	580
Totals	16	1141

**Documents for Export and Import**

**Export**

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list
- Terminal handling receipts

**Import**

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Packing list
- Pre-shipment inspection clean report of findings
- Terminal handling receipts

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

#### Some reform outcomes

*In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.*

*In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.*

#### What do the Enforcing Contracts indicators measure?

**Enforcing Contracts:** resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

#### Procedures to enforce a contract (number)

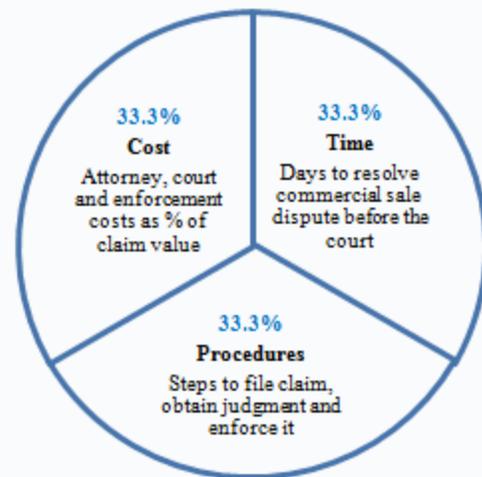
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### Time required to complete procedures (calendar days)

- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

#### Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs



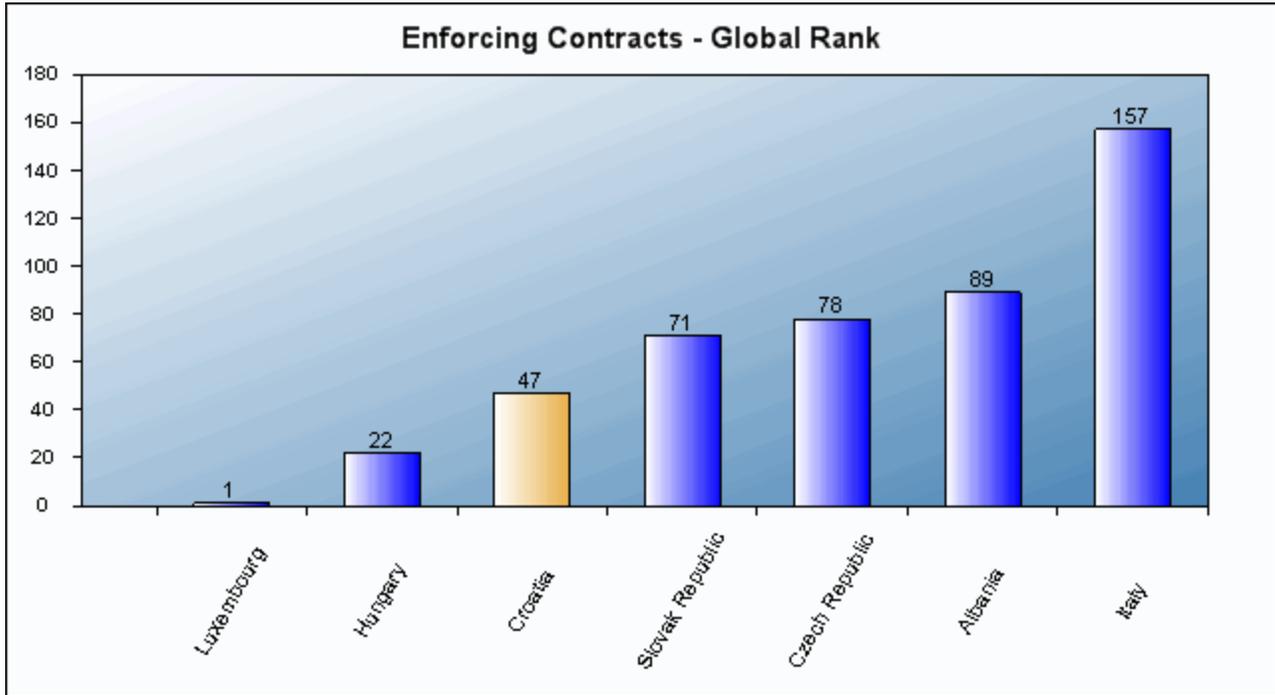
#### Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

## 1. Benchmarking Enforcing Contracts Regulations:

Croatia is ranked 47 overall for Enforcing Contracts.

Ranking of Croatia in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of claim)</b>
<b>Bhutan</b>			0.1
<b>Ireland</b>	20		
<b>Singapore</b>		150	

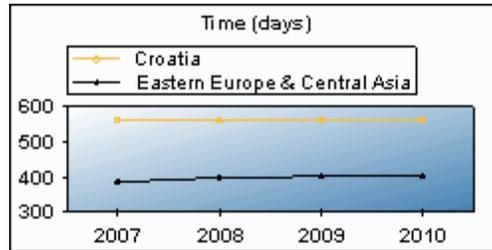
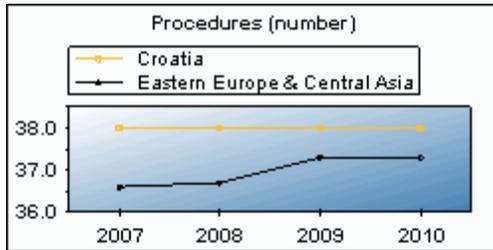
<i>Selected Economy</i>			
<b>Croatia</b>	<b>38</b>	<b>561</b>	<b>13.8</b>

<i>Comparator Economies</i>			
<b>Albania</b>	39	390	38.7
<b>Czech Republic</b>	27	611	33.0
<b>Hungary</b>	35	395	15.0
<b>Italy</b>	41	1210	29.9
<b>Slovak Republic</b>	31	565	30.0

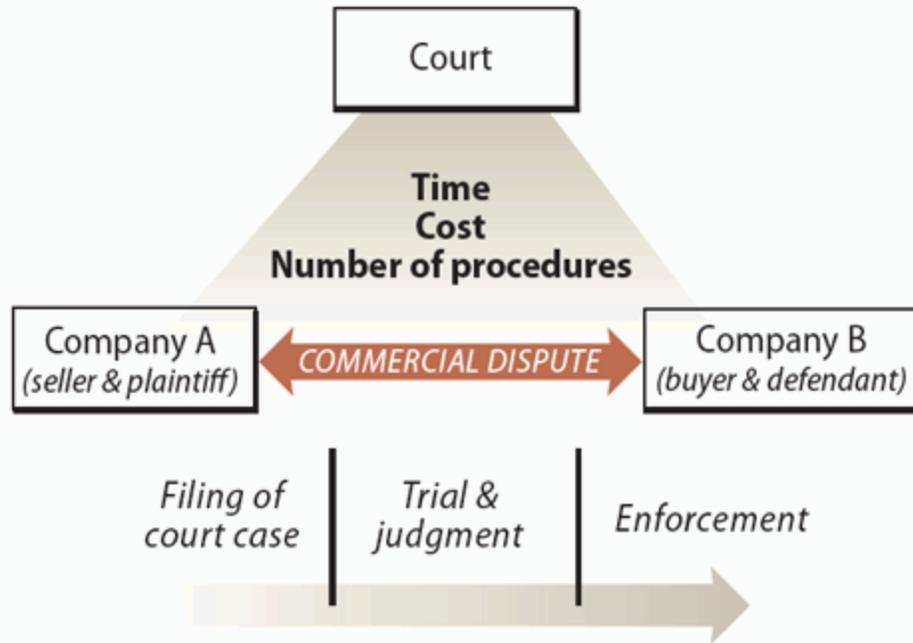
## 2. Historical data: Enforcing Contracts in Croatia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	46	47
Procedures (number)	38	38	38	38
Time (days)	561	561	561	561
Cost (% of claim)	13.8	13.8	13.8	13.8

## 3. The following graphs illustrate the Enforcing Contracts sub indicators in Croatia over the past 4 years:



## What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



This topic looks at the efficiency of contract enforcement in Croatia.

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	561
Filing and service	32.0
Trial and judgment	354.0
Enforcement of judgment	175.0
<b>Cost (% of claim)*</b>	<b>13.80</b>
Attorney cost (% of claim)	8.6
Court cost (% of claim)	2.6
Enforcement Cost (% of claim)	2.6

**Court information:** Zagreb Commercial court ("Trgovački sud u Zagrebu")

\* Claim assumed to be equivalent to 200% of income per capita.

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

### Some reform outcomes

*A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.*

*Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.*

### What does the Closing a Business indicator measure?

**Closing a Business:** insolvency proceedings against local company

#### Time required to recover debt (years)

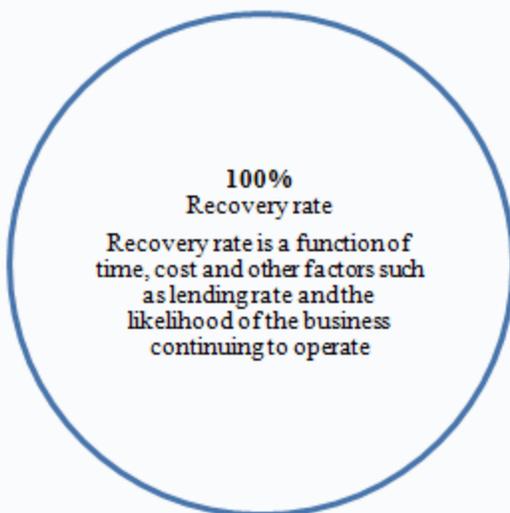
- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

#### Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



### *Case Study Assumptions*

#### The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

## 1. Benchmarking Closing Business Regulations:

Croatia is ranked 89 overall for Closing a Business.

Ranking of Croatia in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Croatia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Recovery rate (cents on the dollar)</b>	<b>Time (years)</b>	<b>Cost (% of estate)</b>
<b>Ireland</b>		0.4	
<b>Japan</b>	92.7		
<b>Singapore*</b>			1

<i>Selected Economy</i>			
<b>Croatia</b>	<b>28.7</b>	<b>3.1</b>	<b>15</b>

<i>Comparator Economies</i>			
<b>Albania</b>	0.0	no practice	no practice
<b>Czech Republic</b>	55.9	3.2	17
<b>Hungary</b>	37.9	2.0	15
<b>Italy</b>	58.0	1.8	22
<b>Slovak Republic</b>	55.3	4.0	18

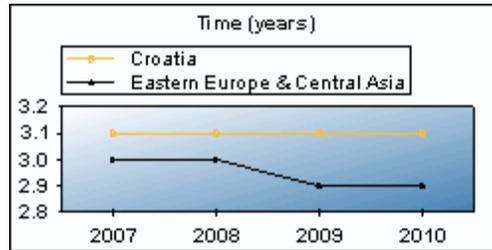
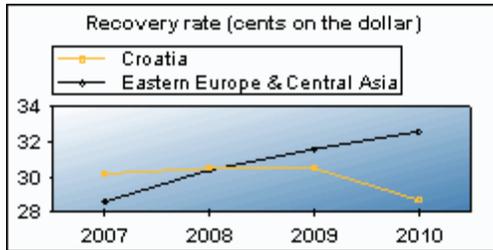
\* The following economies are also good practice economies for :

**Cost (% of estate): Colombia, Kuwait, Norway**

## 2. Historical data: Closing Business in Croatia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	83	89
Time (years)	3.1	3.1	3.1	3.1
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	30.2	30.5	30.5	28.7

3. The following graphs illustrate the Closing Business sub indicators in Croatia over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . \* Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

## The top 10 most-improved in Doing Business 2011

Economy	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Kazakhstan	✓	✓			✓		✓		
Rwanda		✓		✓			✓		
Peru	✓	✓	✓				✓		
Vietnam	✓	✓		✓					
Cape Verde	✓		✓				✓		
Tajikistan	✓				✓		✓		
Zambia	✓						✓	✓	
Hungary		✓	✓				✓		✓
Grenada	✓		✓				✓		
Brunei Darussalam	✓						✓	✓	

 Positive Change  
 Negative Change

\* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

## Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

<b>Albania</b>	Albania made it easier and less costly for companies to pay taxes by amending several laws, reducing social security contributions and introducing electronic filing and payment.
<b>Brunei Darussalam</b>	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
<b>Cape Verde</b>	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
<b>Croatia</b>	Croatia eased business start-up by allowing limited liability companies to file their registration application with the court registries electronically through the notary public. Croatia replaced the location permit and project design confirmation with a single certificate, simplifying and speeding up the construction permitting process.
<b>Czech Republic</b>	The Czech Republic simplified its labor tax processes and reduced employer contribution rates for social security. The Czech Republic made it easier to deal with insolvency by introducing further legal amendments to restrict setoffs in insolvency cases and suspending for some insolvent debtors the obligation to file for bankruptcy.
<b>Grenada</b>	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
<b>Hungary</b>	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
<b>Italy</b>	Italy made starting a business easier by enhancing an online registration system.
<b>Kazakhstan</b>	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
<b>Peru</b>	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
<b>Rwanda</b>	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.

<b>Tajikistan</b>	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
<b>Vietnam</b>	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
<b>Zambia</b>	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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